GOVERNMENT OF INDIA
TOURISM AND CULTURE
LOK SABHA

UNSTARRED QUESTION NO:3379
ANSWERED ON:15.04.2002
BENEFITS TO HOTEL INDUSTRY
S. SAIDUZZAMAN

Will the Minister of TOURISM AND CULTURE be pleased to state:

(a): whether 4-5 star hotels are likely to get benefits from the new budget proposals.

(b): if so, the details thereof;

(c): whether the Hotel Industry is already planning a hike in rates;

(d): if so, the reasons therefore;

(e): whether the Government propose to encourage Paying GuestHouses/Railway Guest Houses/Inexpensive Hotels for accommodating lower and middle class travellers; and

(f): if so, the details thereof?

Answer

MINISTER OF TOURISM AND CULTURE (SHRI JAGMOHAN)

(a) Yes, Sir.

(b) The Budget proposals that are likely to benefit hotel industry in general are; exemption of service tax, increasing of threshold limit of Expenditure Tax, reduction of import duty on liquor and Income tax benefits under section 80 HHD and reduction of TDS under Section 194H.

(c) No, Sir.

(d) Does not arise.

(e) And (f) Yes, Sir. The Union Ministry of Tourism has introduced the Paying Guest Accommodation Scheme to provide accommodation facility for budget class tourists. The Ministry of Railways have set up `Indian Railways Catering and Tourism Corporation Ltd.` to interalia construct budget hotels at important cities to provide in-expensive accommodation to the tourists. In addition the Department of Tourism provides 3% - 5% interest subsidy to budget hotels of 1-3 star category to encourage lower and middle class tourism.